

**PLACER COUNTY
REDEVELOPMENT AGENCY
MEMORANDUM**

TO: Honorable Board of Supervisors
FROM: Richard Colwell, Deputy CEO – Redevelopment Director
Rae James, Deputy Director
DATE: June 14, 2005
SUBJECT: Recommendation to Adopt a Resolution Approving the Loan Agreement in the Amount of \$8,031,000 between the Redevelopment Agency and the County of Placer.

ACTION REQUESTED: Recommendation to Adopt a Resolution Approving the Loan Agreement in the Amount of \$8,031,000 between the Redevelopment Agency and the County of Placer.

BACKGROUND/FISCAL IMPACT: The Redevelopment Agency reimburses all prior and future costs incurred by the County on behalf of the Agency, as tax increment becomes available from each approved project area. The loan agreement (see Exhibit A) reflects projected FY 2005-2006 debt and accumulated prior year debt.

The Proposed FY 2005-2006 Budget provides for the repayment of approximately \$435,931 to the County. This payment will completely satisfy the County's start-up loans to North Lake Tahoe and Sunset Industrial Project Areas. It will also partially satisfy the repayment of start-up loans made to the North Auburn Redevelopment Area. With this payment, the Agency will have an approximate loan balance of \$112,338 at the end of FY 2005-2006, due to the County. This is the fourth consecutive year the Redevelopment Agency has repaid a portion of the Agency's County Loan.

In the meantime, the Agency requires a loan in the amount of \$8,031,000 from the County to meet the State of California required debt financing provisions. The loan will be repaid to the County over a period of time to be determined by the amount of tax increment that will be received by the Agency.

Respectfully submitted,

Richard Colwell
Deputy CEO – Redevelopment Director

Attachments: Resolution
Loan and Repayment Agreement & Schedules

cc: Gerald Carden, Deputy Chief County Counsel
Holly Heinzen, Deputy County Executive Officer
Ron Baker, Sr. Administrative Services Officer
Cindy Kelly, Sr. Administrative Services Officer

Before the Board of Supervisors County of Placer, State of California

In the matter of:

Resol. No:.....

**A RESOLUTION OF THE PLACER COUNTY
BOARD OF SUPERVISORS AUTHORIZING THE LOANING
OF MONIES FROM THE COUNTY OF PLACER TO THE
PLACER COUNTY REDEVELOPMENT AGENCY AND THE
EXECUTION OF AN AGREEMENT TO REPAY SUCH LOAN
AND REIMBURSE THE COUNTY FOR COSTS INCURRED ON
BEHALF OF REDEVELOPMENT EFFORTS FOR PROJECTS IN
NORTH TAHOE, NORTH AUBURN, AND THE SUNSET INDUSTRIAL
AREAS**

Ord. No:.....

First Reading:.....

The following Resolution was duly passed by the Board of Supervisors
of the County of Placer at a regular meeting held June 14, 2005,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, the Placer County Redevelopment Agency (the "Agency") has determined that in order to carry out its redevelopment activities pursuant to the Redevelopment Project Plans for the North Lake Tahoe, Sunset Industrial, and North Auburn Redevelopment Project Areas ("Project Areas"), and to fund the activities of the Agency until such time that tax increments are available from the Project Areas for the support of the redevelopment function, it is necessary that the Agency borrow funds from the County of Placer (the "County"); and

WHEREAS, it is the understanding of the County that such a loan would be repaid out of tax increment funds from the Project Area, as such funds become available to the Agency from the Project Area pursuant to the terms of a Loan and Repayment Agreement (the "Repayment Agreement") between the Agency and the County, which Agreement is attached hereto and made a part hereof as Exhibit A; and

WHEREAS, it is the understanding of the County that the Agency has agreed to repay such funds pursuant to certain terms and conditions as set forth in the Repayment Agreement; and

WHEREAS, it is the understanding of the County that the Agency will reimburse the County, with interest, out of tax increment funds from the Project Area for all costs incurred for the benefit of the Agency, pursuant to the terms of the Repayment Agreement, including without limitation, costs related to staff services provided by the County for the Agency's benefit and public improvements constructed by the County in furtherance of the redevelopment plans for the Project Area.

NOW, THEREFORE, BE IT RESOLVED that the County hereby agrees to loan the money for this agreement pursuant to the terms and conditions set forth in the Repayment Agreement, and agrees that the Agency shall repay the loan, with interest, out of tax increment funds from the Project Area as set forth in the Repayment Agreement.

BE IT FURTHER RESOLVED that the planning and administrative expenses are directly related to the programs and activities relating to low-and moderate-income housing.

BE IT FURTHER RESOLVED that the County hereby agrees to accept the Agency's reimbursement with interest for all costs incurred by the County on behalf of the Agency, including the cost of staff services and specified public improvements provided by the County, pursuant to the terms and conditions set forth in the Repayment Agreement.

BE IT FURTHER RESOLVED that this Resolution shall take immediate effect upon adoption and supercedes the loan agreement, which was approved on September 21, 2004.

EXHIBIT A

LOAN AND REPAYMENT AGREEMENT PLACER COUNTY REDEVELOPMENT AGENCY

The following is an Agreement, dated June 14, 2005 by and between the Placer County Redevelopment Agency (the "Agency") and the County of Placer (the "County").

WITNESSETH

WHEREAS, the Agency is vested with the responsibility for formulating and carrying out necessary redevelopment projects within the County; and

WHEREAS, the County and the Agency caused preparation and adoption of redevelopment project plans for North Lake Tahoe, North Auburn, and the Sunset Industrial Areas ("Project Areas"); and

WHEREAS, the parties additionally desire to formally provide for reimbursement by the Agency to the County of costs and expenses incurred by the County prior to execution of this Agreement in the establishment of the Agency, as anticipated in the earlier agreement between the County and the Agency dated September 21, 2004, in the preparation of redevelopment feasibility studies, in the adoption of the Redevelopment Plans for each project area, including consultant contract and administrative costs, and in related planning matters for the execution of specific improvement projects; and

WHEREAS, the parties additionally desire to contract with the County to provide staff services to the Agency and to construct improvements of benefit to the redevelopment program under specified circumstances, as more particularly set forth herein, subject to reimbursement by the Agency as provided in this Agreement; and

WHEREAS, the County and the Agency are each ready and willing to assume the relationship described herein.

NOW, THEREFORE, the Agency and the County, for and in consideration of the mutual promises and agreements previously entered into and herein contained do agree as follows:

1. PURPOSES

The purposes of this Agreement are:

a. To provide for reimbursement by the Agency to the County of costs and expenses incurred by the County on behalf of the Agency prior to the execution of this Agreement in the establishment of the Agency, as previously agreed between the parties, the preparation of redevelopment feasibility studies, the preparation and adoption of the Redevelopment Plans for each project area and related redevelopment planning matters (the "Prior Debt Owed to Placer County"), as more fully set forth in Sections 3 and 4; and

b. To establish a mechanism for reimbursement of specified future administrative and improvement project costs (“Total Debt Owed to Placer County”) incurred by the County on behalf of the Agency in furtherance of the redevelopment program for the North Lake Tahoe, North Auburn, and Sunset Industrial Project Areas during the 2005-2006 fiscal year, as more fully set forth in Section 4.

2. TERM OF AGREEMENT

This Agreement shall be in full force and effect for a period beginning as of the date of approval of this agreement and continuing until all repayment and reimbursement obligations of the Agency to the County are satisfied in full in accordance with the terms of this Agreement.

3. REIMBURSEMENT OF PRIOR DEBT OWED TO PLACER COUNTY

The County incurred costs related to the Redevelopment Agency in the fiscal year ending 2004-2005 in the total amount of \$4,396,804. This debt to Placer County was reduced to approximately \$548,269 by June 30, 2005. The Agency shall continue to reimburse the Prior Debt Owed to Placer County at the interest rate as set forth in Section 5 below, subject to the terms therein. The indebtedness of the Agency to reimburse the Prior Debt Owed to Placer County shall bear interest from June 30 of the closing fiscal year during which the debt was incurred.

The Redevelopment Agency has appropriated \$435,931 in FY 2005-2006 to reimburse all but a portion of the Agency’s total start-up costs owed to Placer County. The reimbursement will reduce the Agency’s total start-up debt owed to Placer County to approximately \$112,338 in FY 2005-2006.

4. REIMBURSEMENT OF TOTAL DEBT OWED TO PLACER COUNTY

The Agency agrees to reimburse the County for all administrative and improvement project costs and obligations incurred during the FY 2005-2006 by the County in furtherance of the Redevelopment Agency’s Program (hereinafter “Total Debt Owed to Placer County”). Such Total Debt Owed to Placer County may include, but is not limited to, costs to the County for consulting services, legal services, County staff time and other related expenses incurred on behalf of the Agency. Schedules of prior and total capital costs for each redevelopment project area are attached to this document as follows:

Schedule A - North Tahoe Project Area
Schedule B - North Auburn Project Area
Schedule C - Sunset Industrial Project Area

The County and Agency shall, at the end of the fiscal year, set forth in a schedule to be attached to this Agreement as Schedule D, the actual final amount of such Total Debt Owed to Placer County and costs incurred by the County, including housing trust funds, on behalf of the Agency for the immediate past fiscal year.

5. REPAYMENT TERMS; SUBORDINATION

The reimbursement obligations of the Agency pursuant to this Agreement shall bear interest at the rate that is the Placer County Investment Pool Rate, which rate is to be determined by the local County Treasurer. Each reimbursement obligation and interest thereon shall be repayable solely from tax increment funds, if any, generated within the North Auburn Redevelopment Area. It is understood and agreed that if tax increment funds from any Project Area fail to yield sufficient revenue to pay the repayment or reimbursement obligations of the Agency under this Agreement and interest thereon within that applicable Project Area, the Agency is under no obligation to make such repayment or reimbursement as long as and to the extent that tax increment funds within that Project Area are insufficient.

It is agreed by the parties hereto that all repayments and reimbursements to the County pursuant to this Agreement are hereby subordinated to any and all payments necessary to satisfy the Agency's obligations in connection with any existing or future bonded indebtedness or obligation, which may be incurred by the Agency for the benefit of the redevelopment program, or to the extent necessary for any bonded indebtedness for which the Agency has pledged, as a security or source of repayment, tax increment generated within the Project Areas.

6. MODIFICATIONS TO RESOURCE ALLOCATIONS

In order to allow flexibility and to provide for maximum efficiency, as long as the estimated operating budget as set forth in Schedules A through D is not exceeded, the respective directors of the Agency and the County (i.e., the Executive Director or Director of the Redevelopment Agency for the Redevelopment Agency, and the CEO or Assistant CEO for the County), are hereby authorized by their respective governing bodies to approve modifications on behalf of their respective Agency or County of resources between the parties as necessary. All such modifications shall be approved in writing.

7. VALIDITY OF AGREEMENT

If any provisions of this Agreement, or the application thereof to any person, party, transaction, or circumstance, are held invalid, the remainder of this Agreement, or the application of such provision to other persons, parties, transactions or circumstances, shall not be affected thereby.

IN WITNESS WHEREOF, the Board Chair of the County of Placer, as authorized by resolution of the Board of Supervisors of the County of Placer, has caused the name of the County of Placer to be affixed to this Agreement, and the Board Chair of the Placer County Redevelopment Agency, as authorized by resolution of the Agency, has caused the name of the Placer County Redevelopment Agency to be affixed to this Agreement on the above date.

Attached: Schedules A-D

PLACER COUNTY
REDEVELOPMENT AGENCY

COUNTY OF PLACER

By: _____
Board Chair
Placer County
Redevelopment Agency

By: _____
Board Chair
Board of Supervisors
County of Placer

SCHEDULE A

PRIOR AND CURRENT DEBT REPAYMENT SCHEDULE

NORTH LAKE TAHOE PROJECT AREA

<u>FISCAL YEAR</u>	<u>PRIOR DEBT OWED TO PLACER COUNTY</u>	<u>CURRENT DEBT OWED TO PLACER COUNTY</u>
1997-98	\$154,613	- 0 -
1998-99	\$239,719	- 0 -
1999-00	\$252,577	- 0 -
2000-01	\$265,969	- 0 -
2001-02	\$277,723	- 0 -
2002-03	\$236,110	- 0 -
2003-04	\$191,777	- 0 -
2004-05	\$150,250	- 0 -
2005-06	-0-	<u>\$5,035,500</u>
2006-07		
2007-08		
2008-09		
2009-10		

SCHEDULE B
PRIOR AND CURRENT
DEBT REPAYMENT SCHEDULE

NORTH AUBURN REDEVELOPMENT PROJECT AREA

<u>FISCAL YEAR</u>	<u>PRIOR DEBT OWED TO PLACER COUNTY</u>	<u>CURRENT DEBT OWED TO PLACER COUNTY</u>
1997-98	\$196,411	- 0 -
1998-99	\$247,415	- 0 -
1999-00	\$320,686	- 0 -
2000-01	\$337,689	- 0 -
2001-02	\$470,612	- 0 -
2002-03	\$459,825	- 0 -
2003-04	\$430,860	- 0 -
2004-05	\$355,767	- 0 -
2005-06	\$112,337	<u>\$1,092,000</u>
2006-07		
2007-08		
2008-09		
2009-10		

SCHEDULE C

PRIOR AND CURRENT DEBT REPAYMENT SCHEDULE

SUNSET INDUSTRIAL PROJECT AREA

<u>FISCAL YEAR</u>	<u>PRIOR DEBT OWED TO PLACER COUNTY</u>	<u>CURRENT DEBT OWED TO PLACER COUNTY</u>
1997-98	\$110,021	- 0 -
1998-99	\$117,453	- 0 -
1999-00	\$123,753	- 0 -
2000-01	\$130,315	- 0 -
2001-02	\$154,074	- 0 -
2002-03	\$108,727	- 0 -
2003-04	\$ 61,336	- 0 -
2004-05	\$ 41,678	- 0 -
2005-06	- 0 -	<u>\$1,903,500</u>
2006-07		
2007-08		
2008-09		
2009-10		

SCHEDULE D

IMMEDIATE PAST FISCAL YEAR 2004-2005 DEBT REPAYMENT SCHEDULE

<u>PROJECT AREA</u>	<u>ACTUAL TOTAL DEBT BALANCE OWED TO PLACER COUNTY</u>
North Lake Tahoe Project Area	\$ 150,250
North Auburn Project Area	\$ 355,767
Sunset Project Area	<u>\$ 41,678</u>
Total Debt	<u>\$ 547,695</u>

ATTACHMENT A

PLACER COUNTY REDEVELOPMENT AGENCY FY 2005-2006

FINAL BUDGET SUMMARY

Revenues	N. Tahoe 505-100	N. Auburn 505-200	Sunset 505-300	Total Economic Development	N. Tahoe 504-100	N. Auburn 504-200	Sunset 504-300	General 504-400	Total Housing	FY'05-06 Proposed Budget
Available Fund Balance	4,024,717	582,305	927,009	5,534,031	1,311,225	(25,901)	347,907		1,633,231	7,167,262
Total FY05-06 Revenue	3,039,564	549,241	945,253	4,534,058	1,810,293	190,966	331,657	313,885	2,646,801	7,180,859
Available Revenues	7,064,281	1,131,546	1,872,262	10,068,089	3,121,518	165,065	679,564	313,885	4,280,032	14,348,121

Expenditures	N. Tahoe 505-100	N. Auburn 505-200	Sunset 505-300	Total Economic Development	N. Tahoe 504-100	N. Auburn 504-200	Sunset 504-300	General 504-400	Total Housing	FY'05-06 Proposed Budget
Salaries & Employee Benefits	404,997	191,862	46,730	643,589	205,228	110,364	138,614	299,568	753,774	1,397,363
Services & Supplies	2,920,533	247,711	118,016	3,286,260	158,806	32,060	48,268	14,317	253,451	3,539,711
Other Charges	768,973	691,973	41,678	1,502,624	2,757,484	22,641	492,682	-	3,272,807	4,775,431
Capital Projects	990,000	-	1,665,838	2,655,838	-	-	-	-	-	2,655,838
Subtotal FY05-06 Expenditures	5,084,503	1,131,546	1,872,262	8,088,311	3,121,518	165,065	679,564	313,885	4,280,032	12,368,343
Designated FY05-06 Reserves (CIP)	1,979,778	-	-	1,979,778	-	-	-	-	-	1,979,778
Grand Total Expenditures	7,064,281	1,131,546	1,872,262	10,068,089	3,121,518	165,065	679,564	313,885	4,280,032	14,348,121